

# SB251 INTRODUCED



1 SB251  
2 VKT8PVL-1  
3 By Senators Jones, Shelnut, Allen, Williams, Melson, Beasley,  
4 Kitchens, Butler, Barfoot, Kelley, Sessions, Roberts, Weaver,  
5 Livingston, Reed, Price, Chesteen, Carnley, Stutts, Givhan,  
6 Hovey, Waggoner  
7 RFD: Veterans and Military Affairs  
8 First Read: 21-Mar-24



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SYNOPSIS:

Under existing law, the Board of Control of the Retirement Systems of Alabama is authorized to act as trustee of several funds and is granted full power to invest and reinvest funds.

This bill would enforce the prohibition placed on investment activities by certain Presidential Executive Orders addressing an identified national emergency regarding the threat from securities investments that finance Communist Chinese military companies.

This bill would prohibit the purchase or sale of any publicly traded securities to or from certain entities affiliated with Communist Chinese military companies or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities.

The bills would also provide for certain definitions.

A BILL  
TO BE ENTITLED  
AN ACT  
Relating to public investments; to add Section



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29 16-25-20.1, to the Code of Alabama 1975, to prohibit the Board  
30 of Control of the Teachers' Retirement System of Alabama from  
31 making certain investments; and to add Section 36-27-25.1 to  
32 prohibit the Board of Control for the Employees' Retirement  
33 System of Alabama from making certain investments.

34 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

35 Section 1. Sections 16-25-20.1 and 36-27-25.1 are  
36 added to the Code of Alabama 1975, to read as follows:

37 §16-25-20.1

38 (a) as used in this section, the following terms have  
39 the following meanings:

40 (1) INVESTMENT ACTIVITIES. The act of investing or the  
41 lending of assets of the Teachers' Retirement System of  
42 Alabama.

43 (2) RESTRICTED ENTITY. All of the following:

44 a. A Chinese Entity that is:

45 1. Designated by Presidential Executive Order 13959,  
46 relating to addressing the threat from securities investments  
47 that finance Communist Chinese military companies;

48 2. Designated by Presidential Executive Order 14105 (88  
49 Fed. Reg. 54867), relating to addressing United States  
50 investments in certain national security technologies and  
51 products in countries of concern; and

52 3. Included in the List of Specially Designated  
53 Nationals and Blocked Persons maintained by the U.S.  
54 Department of the Treasury, Office of Foreign Assets Control.

55 b. A Chinese Entity that is:

56 1. Included on the Non-SDN Chinese Military-Industrial



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57 Complex Companies List (NS-CMIC List) maintained by the U.S.  
58 Department of the Treasury Office of Foreign Assets Control  
59 under Executive Order 14032;

60 2. A Chinese military company or a military-civil  
61 fusion contributor and included on the list maintained by the  
62 Department of Defense in accordance with Section 1260H(b) of  
63 the National Defense Authorization Act for Fiscal Year 2021;

64 3. Included on the list required under Section 1237 of  
65 the National Defense Authorization Act for Fiscal Year 1999;

66 4. Included on the Entity List in 15 C.F.R. Supplement  
67 No. 4 to Part 744 of the federal government's Export  
68 Administration Regulations;

69 5. Included on the Denied Persons List described in 15  
70 C.F.R. § 764.3(a)(2) of the federal government's Export  
71 Administration Regulations;

72 6. Included on the Unverified List set forth in 15  
73 C.F.R. Supplement No.6 to Part 744 of the Export  
74 Administration Regulations;

75 7. Included on the Military End User List set forth in  
76 15 C.F.R. Supplement No.7 to Part 744 of the Export  
77 Administration Regulations;

78 8. Produces or provides communications equipment or  
79 service on the list published by the Federal Communications  
80 Commission under 47 U.S.C. § 1601(a) of the Secure and Trusted  
81 Communications Networks Act of 2019;

82 9. Included on the Uyghur Forced Labor Prevention Act  
83 Entity List maintained by the Department of Homeland Security;

84 10. Included on the Withhold Release Orders and



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85 Findings List maintained by the Commissioner of U.S. Customs  
86 and Border Protection pursuant to the Uyghur Forced Labor  
87 Prevention Act 88 Fed. Reg. 85899;

88 11. Included on the list of covered issuers, as defined  
89 in Section 104 of the Sarbanes Oxley Act of 2002 15 U.S.C. §  
90 7214, maintained by the Securities and Exchange Commission;  
91 and

92 12. Otherwise included on any other list maintained by  
93 the United States Government that designates a Chinese entity  
94 for a restriction relating to investment, contracting, or  
95 procurement.

96 c. A Chinese entity otherwise subject to the control of  
97 a Chinese entity listed in paragraph a. or b.

98 d. Any agency or instrumentality of the People's  
99 Republic of China.

100 (b) The State Auditor or his or her designee, no later  
101 than January 1, 2025, shall create a list of restricted  
102 entities and shall update the list each six months. The  
103 retirement system shall not engage in investment activities  
104 with a listed restricted entity.

105 (c) Upon publication of the restricted entity list, the  
106 Board of Control of the retirement system shall identify any  
107 holdings of the retirement system in such a restricted entity  
108 and, acting as a prudent investor, shall expeditiously divest  
109 from any holdings or other investment activity in that entity.

110 §36-27-25.1

111 (a) as used in this section, the following terms have  
112 the following meanings:



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113 (1) INVESTMENT ACTIVITIES. The act of investing or the  
114 lending of assets of the retirement systems.

115 (2) RESTRICTED ENTITY. All of the following:

116 a. A Chinese Entity that is:

117 1. Designated by Presidential Executive Order 13959,  
118 relating to addressing the threat from securities investments  
119 that finance Communist Chinese military companies;

120 2. Designated by Presidential Executive Order 14105 (88  
121 Fed. Reg. 54867), relating to addressing United States  
122 investments in certain national security technologies and  
123 products in countries of concern; and

124 3. Included in the List of Specially Designated  
125 Nationals and Blocked Persons maintained by the U.S.  
126 Department of the Treasury, Office of Foreign Assets Control.

127 b. A Chinese Entity that is:

128 1. Included on the Non-SDN Chinese Military-Industrial  
129 Complex Companies List (NS-CMIC List) maintained by the Office  
130 of Foreign Assets Control Department of the Treasury under  
131 Executive Order 14032;

132 2. A Chinese military company or a military-civil  
133 fusion contributor and included on the list maintained by the  
134 Department of Defense in accordance with Section 1260H(b) of  
135 the National Defense Authorization Act for Fiscal Year 2021;

136 3. Included on the list required under Section 1237 of  
137 the National Defense Authorization Act for Fiscal Year 1999;

138 4. Included on the Entity List in 15 C.F.R. Supplement  
139 No. 4 to Part 744 of the federal government's Export  
140 Administration Regulations;



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141           5. Included on the Denied Persons List described in 15  
142 C.F.R. § 764.3(a)(2) of the federal government's Export  
143 Administration Regulations;

144           6. Included on the Unverified List set forth in 15  
145 C.F.R. Supplement No.6 to Part 744 of the Export  
146 Administration Regulations;

147           7. Included on the Military End User List set forth in  
148 15 C.F.R. Supplement No.7 to Part 744 of the Export  
149 Administration Regulations;

150           8. Produces or provides communications equipment or  
151 service on the list published by the Federal Communications  
152 Commission under 47 U.S.C. § 1601(a) of the Secure and Trusted  
153 Communications Networks Act of 2019;

154           9. Included on the Uyghur Forced Labor Prevention Act  
155 Entity List maintained by the Department of Homeland Security;

156           10. Included on the Withhold Release Orders and  
157 Findings List maintained by the Commissioner of U.S. Customs  
158 and Border Protection pursuant to the Uyghur Forced Labor  
159 Prevention Act 88 Fed. Reg. 855899;

160           11. Included on the list of covered issuers, as defined  
161 in Section 104 of the Sarbanes Oxley Act of 2002, 15 U.S.C. §  
162 7214, maintained by the Securities and Exchange Commission;  
163 and

164           12. Otherwise included on any other list maintained by  
165 the United States Government that designates as a Chinese  
166 entity for a restriction relating to investment, contracting,  
167 or procurement.

168           c. A Chinese entity otherwise subject to the control of



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169 a Chinese entity listed in paragraph a or b.

170 d. Any agency or instrumentality of the People's  
171 Republic of China.

172 (b) The State Auditor or his or her designee, no later  
173 than January 1, 2025, shall create a list of restricted  
174 entities and shall update the list each six months. The  
175 retirement system shall not engage in investment activities  
176 with a listed restricted entity.

177 (c) Upon publication of the restricted entity list, the  
178 Board of Control of The retirement system shall identify any  
179 holdings of the retirement system in such a restricted entity  
180 and, acting as a prudent investor, shall expeditiously divest  
181 from any holdings or other investment activity in that entity.

182 Section 2. This act shall become effective on October  
183 1, 2024.